

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	60716	Agenda Number	34.
Meeting Date:	8/18/2016		Department:	Treasury
Subject				
<p>Approve an ordinance authorizing the issuance and sale by February 18, 2017, of City of Austin Certificates of Obligation, Series 2016, in an amount not to exceed \$53,550,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees.</p>				
Amount and Source of Funding				
<p>\$4,292,500 in anticipated first year debt service requirements and an estimated annual administration fee of \$500 for the paying agent/registrar for the proposed bond sale was included in the 2016-17 Proposed Operating Budget of the General Obligation Debt Service Fund. Certificates of Obligation will be used to finance the Watershed Home Buyout Program as well as the New Central Library.</p>				
Fiscal Note				
<p>Information pertaining to the fiscal impact of this item is found under the "Amount and Source of Funding" and "Additional Backup Information" sections.</p>				
Purchasing Language:				
Prior Council Action:	<p>Reimbursement Resolutions approved by City Council on 09/08/14; Notice of Intention to issue certificates approved 06/09/16. 05/16/16 presented update on General Obligation Bond Sale to Audit and Finance Committee.</p>			
For More Information:	Art Alfaro, Treasurer, 512-974-7882			
Council Committee, Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				

These certificates of obligation are being issued to provide funding related to reimbursement resolutions previously approved by Council for the New Central Library and the Watershed Home Buyout Program.

On June 9, 2016, Council authorized publication of an Official Notice of Intention to Issue Certificates of Obligation. State law requires that an Official Notice of Intention to Issue Certificates of Obligation be published once a week for two consecutive weeks with the date of the first publication occurring at least 31 days prior to the sale of the Certificates of Obligation by the City. These notices were published on July 1 and July 8, 2016 and included descriptions of the projects.

New Central Library - \$3,550,000

710 West Cesar Chavez, Austin, Texas 78701

This funding contributes to the overall construction of the New Central Library. The library will be a 6 story building including 198,000 square feet with 2 levels of underground garage. This funding source was approved as part of FY 2014-15 Capital Budget.

Watershed Home Buyout Program - \$50,000,000

This program is for the buyout and demolition of flood-prone properties in the Lower Onion Creek neighborhoods of Onion Creek Forest, Yarrabee Bend, Onion Creek Plantation, and Silverstone; as well the Williamson Creek neighborhoods of Fairview and Radam. This funding source was approved as part of FY 2014-15 Capital Budget.

The debt service costs for the currently-proposed \$53,550,000 Certificates of Obligation, Series 2016, are estimated as follows:

	2016-17:	Total Over 20 Years:	Average Per Year
Principal	\$1,615,000	\$53,550,000	\$2,677,500
Interest	<u>2,677,500</u>	<u>32,393,000</u>	<u>1,619,650</u>
Total Debt Service	\$4,292,500	\$85,943,000	\$4,297,150

In order to provide the City with the flexibility to respond quickly to changing market conditions, the proposed ordinance delegates the authority to the City Manager or Chief Financial Officer (the "Pricing Officer") to complete the sale of the bond transaction in accordance with the parameters in the ordinance. Additionally, the authority of the Pricing Officer to exercise the authority delegated by Council under this ordinance expires on February 18, 2017.

This transaction will be sold through the following underwriting team:

Senior Manager:
Wells Fargo Securities, LLC

Co-Managers:
Estrada Hinojosa & Co. Inc.
Hilltop Securities Inc.
Piper Jaffray & Co.
Raymond James & Associates
Robert W. Baird & Co.

For this transaction, Andrews Kurth LLP will serve as bond counsel, McCall, Parkhurst & Horton L.L.P. will serve as disclosure counsel, and serving as underwriter's counsel will be Bracewell L.L.P. Public Financial Management is the City's financial advisor.